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To: Supervisor Don Knabe, Chairman
Supervisor Gloria Molina, Chair Pro Tem
Supervisor Yvonne B. Burke
Supervisor Zev Yaroslavsky
Supervisor Michael D. Antonovich

From: Jon W. Fullinwider
Chief Information Officer

Subject: **HEALTH INSURANCE PORTABILITY AND ACCOUNTABILITY ACT
(HIPAA) STATUS REPORT**

This is to provide you with a report on the County's status in complying with the HIPAA Transactions and Code Sets (TCS) rules following the October 16, 2003 compliance deadline and a current status on the County's efforts to meet the April 20, 2005 compliance deadline for the HIPAA Security Rules. Attachment A (Summary of HIPAA Transactions and Code Sets Status) provides a transaction-by-transaction status of the information summarized below.

Electronic TCS

State of California Readiness

The State of California continues to plan for a staged implementation of the HIPAA transactions over a period of many months and is not expected to be HIPAA compliant for some transactions within the 2004 calendar year. Neither the Department of Health Services (DHS) nor the Department of Mental Health (DMH) can complete testing and execute HIPAA compliant Medi-Cal transactions in advance of the State and its Fiscal Intermediary (FI). The State will allow providers to process selected non-compliant transactions until advised otherwise.

Medi-Cal is in the final stages of its project to implement the fully HIPAA-compliant eligibility transaction (270/271) and they have scheduled training sessions for late September 2004. The County will be represented at that session. The State Departments of Mental Health and Alcohol and Drug Services have been conducting near-compliant remittance advice

transactions (835) with counties for several months. They have also been working with Medi-Cal to complete the work on a fully compliant 835 for Short Doyle. Steps to include the federal funds participation amounts in the transaction are scheduled for completion by March 2005. Full compliance for the 835 transaction is scheduled for implementation before March 2006.

Both DHS and DMH are in regular contact with their State counterparts and maintain current knowledge of State status and activities.

Federal HIPAA TCS Compliance Enforcement

The Center for Medicare and Medicaid Services (CMS) has not revised its enforcement policy since their notice "Guidance on Compliance with HIPAA Transactions and Code Sets" was posted on July 24, 2003. The document outlined CMS' complaint-driven enforcement strategy and a "Good Faith Policy" that allowed covered entities the opportunity to correct non-compliance in the event of a complaint and to take into account an entity's good-faith efforts to achieve compliance.

County of Los Angeles Readiness – Department of Health Services (DHS)

DHS TCS compliance should be viewed based on its three separate lines of business: (1) Hospitals and Clinics, (2) Public Health, and (3) the Office of Managed Care (OMC).

Hospitals and Clinics

DHS hospitals and clinics process the vast majority of their transactions through Accordis, a clearinghouse. Accordis is submitting Medicare inpatient and outpatient 837 claims using approved HIPAA compliant Transaction Code Sets (TCS) information reflective of all-inclusive rate revenue codes.

Accordis is submitting HIPAA compliant Medi-Cal inpatient claims to the State using the appropriate HIPAA compliant UB-92 revenue codes based on agreements reached with the State. The State is not expected to process HIPAA compliant Medi-Cal outpatient 837 claims in calendar year 2004. The County submitted a proposal to the State on December 20, 2002 for handling these outpatient claims and the State has not yet responded to this issue.

The Office of Managed Care (OMC) is awaiting a server on which they will install software to support receipt and processing of HIPAA compliant 837 encounter records from DHS hospitals. In the interim until this environment is set up, tested and in production, OMC is modifying its legacy mid-range system to process the HIPAA-compliant 837 transactions between DHS hospitals and OMC. This enables Accordis to accept DHS hospital data and transmit it to OMC as a HIPAA compliant transaction. Accordis submitted a test file to OMC on September 13, 2004 which contained August 2004 dates of service. OMC is currently reviewing and processing this file. Accordis anticipates going live with this process by no later than September 30, 2004.

When Accordis brings the 837 encounter transaction into production, DHS hospitals will not have all the data available required to complete the 837 transaction. They will begin with data currently available to establish the process, and then, over time, increase the data captured and submitted to OMC via the 837 encounter transaction.

Public Health

There has been no change since the last report. Public Health is using a combination of an existing clearinghouse relationship and custom programming to achieve HIPAA TCS compliance. Full compliance is constrained because the State does not anticipate accepting HIPAA compliant outpatient Medi-Cal claims transactions from Public Health clinics this calendar year. The County and the State will continue to work through testing issues necessary to assure a reliable transition to HIPAA compliant transactions and will continue to process the non-compliant claims during this transition period.

Alcohol and Drug Program Administration (ADPA) and California Children's Services (CCS) are submitting HIPAA compliant transactions to their corresponding State agencies. ADPA began exclusively submitting HIPAA compliant 837 transactions to the State in May 2004.

Office of Managed Care (OMC)

As identified above, DHS continues to make progress towards providing HIPAA compliant encounter data to OMC from the DHS hospitals. As a health plan, OMC is required to have the capability to process the entire suite of HIPAA TCS, including some they have never used in the past and for which they have no current trading partner. Under the enforcement guidelines issued by CMS, OMC can demonstrate a good faith effort and progress towards compliance because they have certified the conformity of their transactions through a third-party certification agency.

County of Los Angeles Readiness – Department of Mental Health (DMH) and Kirby Center Readiness

DMH has submitted routine batch production HIPAA compliant health care claims (837) transactions to the State for February and March 2004 Short-Doyle outpatient services and received corresponding HIPAA-compliant remittance advice files from the State.

Claims for April - June 2004 were prepared for forwarding to the State and held after final review because DMH Finance found some claims with overstated (more than eight hours in a single day) number of minutes. DMH verified that these claims were not the result of system errors; they accurately reflected what the providers entered into the Integrated System (IS). DMH consulted with the State in regards to sending the files with these obvious errors and they recommended that DMH pull these claims from the file, which they did. DMH is now preparing the revised April – June claims files for submission to the State before the end of September. For those providers who submitted overstated claims, DMH will send out claim

detail information to each of them along with procedures for making appropriate changes and resubmitting the claims.

July and August 2004 outpatient Short-Doyle claims are being held until the first week in October to allow updating the IS rate tables with FY 2004-2005 provider contract rates.

The claims files for February and March 2004 inpatient services is being prepared, and will be sent to the State within the next day or so. April, May, and June 2004 inpatient services claims files will be prepared sequentially thereafter and all are expected to be sent to the State by September 30, 2004.

Effective July 1, 2004, DMH is submitting only HIPAA-compliant Medicare claims through National Heritage Insurance Company (NHIC), the Fiscal Intermediary for Medicare, for services delivered after June 1, 2004. The first such compliant submission was anticipated by the end of August 2004; however, the Internal Services Department and Sierra identified a date anomaly in one field of the claim file. A resolution to the problem is being applied and June and July 2004 HIPAA-compliant Medicare claims should be submitted to NHIC by September 30, 2004. Medicare claims do not affect any contract providers.

DMH has nine categories of trading partners, listed in the table below. The table indicates the number of partners in each category and the approximate number of partners in each category that are actively using the IS. There are two methods of claim submission into the IS: 1) Electronic Data Interchange (EDI) which is the electronic submission of a group of claims, and 2) Direct Data Entry (DDE) which is the manual entry of individual claims using a Web browser.

Trading Partner Category	Number in Category	Number Currently Using the IS
Fee-for-Service Inpatient	26	26 DDE
FFS Network Providers	569	74 DDE 5 EDI (some billers serve multiple providers)
Directly Operated DMH Clinics	65	65
Short-Doyle Contract Providers	358	215 DDE (143 in October)
Short-Doyle Contract Hospitals	2	2 DDE
LA County Hospitals	3	1 DDE
State Hospitals	4	4 DDE (no claiming activity, DMH staff enter episode information only for utilization management purposes)
State Department of Mental Health	1	1 – Production use initiated June 21, 2004.

Trading Partner Category	Number in Category	Number Currently Using the IS
Institute for Mental Disorders (IMD)	11	11 DDE
US Government (Medicare)	1	0 - Certification received, production use anticipated by August 31, 2004
Retail Pharmacy	111	0 (See text below)

All directly operated DMH clinics and the Kirby Center of the Probation Department are using the IS in production. Short-Doyle contract providers in Service Areas 4 and 6 went live on the IS on September 8, 2004. Short-Doyle contract providers in Service Areas 5, 7 and 8 are scheduled to go live on October 8, 2004. All contract providers, with the possible exception of Pacific Clinics, will be transitioned off the legacy Mental Health Management Information System (MHMIS) and onto the IS by October 31, 2004.

Pacific Clinics is attempting to become certified with DMH to use a broader range of EDI transactions than any other contract provider so far. They have requested additional time to complete this ambitious project with the commitment that, if they cannot complete testing and go into production with the full range of EDI transactions by October 31, 2004, they will begin using the IS in DDE mode on November 6, 2004.

Until the FFS Network Providers move onto the IS, DMH, ISD/ITS and Sierra resources are required to support two different but parallel electronic billing processes. DMH and Sierra are making a concerted effort to accelerate testing and adoption of the IS by FFS Network Providers and billing services.

There were 68 billers or providers actively submitting electronic claims to the old EDS State system before it was transferred to ISD/ITS support. One biller has indicated that they will no longer be submitting claims to DMH and five others have not responded to repeated attempts to contact them to determine their status. DMH is encouraging all that remain of this group of providers to begin testing and implementing HIPAA compliant claims processing as soon as possible. Five FFS providers or billers, who may represent multiple FFS Network Providers, are certified to submit HIPAA compliant 837 claims in production via EDI.

There are approximately 15 FFS Network Providers or FFS Billers currently in the EDI test process and eight are now certified. DMH has taken steps to improve the feedback to EDI test participants in an effort to help them achieve certification, but EDI remains technically and operationally challenging, especially for those without prior EDI experience.

The County of Los Angeles DMH remains one of only three county Mental Health departments to have achieved State certification for its 837 health care claims transaction (See Attachment B).

Use of the IS for mental health clients receiving care at DHS hospitals is so far limited to Harbor-UCLA Medical Center. While there has been good progress in resolving workflow, coding, and reporting issues identified earlier, other issues specific to the inpatient environment have appeared that need to be resolved before the deployment is expanded to the other three DHS hospitals providing mental health inpatient services. As reported last month, these issues are difficult and not amenable to quick fixes, and it is now a certainty that deployment to the remaining three DHS hospitals will slip past October 2004. DMH and DHS are working together to assure a successful deployment as soon as it can be done without risk to DHS or DMH revenue and with minimal disruption of hospital operations.

The HIPAA compliant National Council for Prescription Drug Program (NCPDP) pharmacy claim transaction is available for production use, but no pharmacy providers are using it in production at this time. The primary issues for this have to do with work flow processes in contract pharmacies rather than IS ability to process HIPAA complaint pharmacy transactions. DMH and Sierra have identified an approach to IS pharmacy functionality that will make the DMH process more like that which retail pharmacies use with other payers. DMH will prepare a plan for addressing retail pharmacy functionality within the IS by October 31, 2004.

The IS is ready to exchange ANSI X.12 270/271 eligibility transactions with Medi-Cal. DMH, and likely its IS vendor, Sierra Systems Group (Sierra), will attend the training events scheduled by Medi-Cal in late September for the purpose of informing all participants of the details of the 270/271 transaction.

My office continues to monitor the IS implementation and will apprise your Board of progress.

Electronic TCS Summary

DHS and DMH are in continuing contact with the State to ensure that both organizations keep pace with the State's implementation. My office is continuing to monitor progress at the State level and the progress of both DHS and DMH within the County. I will notify your Board of any changes to the State HIPAA contingency plan that have the potential to impact County health or mental health operations.

While DHS' outpatient Medi-Cal claims will remain non-compliant until the State brings its processing into compliance, DHS hospitals are continuing to process HIPAA TCS-compliant Medicare claims and inpatient Medi-Cal claims.

OMC and DHS hospitals have resolved the issues related to the requirement for the submission of HIPAA compliant encounter records from the hospitals. They anticipate beginning production submission of encounter data from hospitals by the end of the month.

DMH is continuing to process HIPAA-compliant Medi-Cal claims files and anticipates clearing the claims backlog caused by the long State certification process by the end of the month.

The next group of contract Short-Doyle providers were brought onto the IS on September 8, 2004.

HIPAA Security Rules Compliance – Status

HIPAA Security Rules require a risk analysis be conducted for all of the covered entities in the County. To perform this analysis, the County's Chief Information Security Officer (CISO), in conjunction with the Countywide HIPAA Security Task Team, has developed a Statement of Work (SOW) to engage a consultant through ISD's Information Technology Support Services Master Agreement (ITSSMA). This SOW was reviewed by outside counsel for HIPAA compliance. The analysis is estimated to cost between \$600,000 to \$800,000 but the final cost will be determined based on the selected vendor response and will be allocated to the Covered Entities that include DHS, DMH, LASD (Pharmacy) and Probation (Kirby Center). Vendor responses to the risk analysis are expected to be received in October 2004. At this time, we anticipated that the risk analysis will be completed in time to meet HIPAA compliance.

The two largest covered entities, DHS and DMH, are in the process of acquiring consulting assistance to review and remediate existing information systems that process Electronic Protected Health Information (EPHI). These efforts are being pursued to ensure that security weaknesses are either reduced or eliminated from required health information systems. Probation's Kirby Center utilizes DMH systems and will benefit from these efforts as well. The Sheriff's Department requirement is much smaller and can be accomplished in-house.

The covered entities are conducting security awareness training for those employees that have access to EPHI. The majority of training is computer based and is being augmented with classroom style training for those employees that do not have ready access to personal computers. My office has ordered a set of pamphlets that are scheduled to arrive in October 2004. This action was delayed one month to allow for customization and inclusion of the County seal.

DHS and County Counsel are reviewing existing County Business Associate Agreements to determine whether changes are necessary to comply with HIPPA Security Rules.

If you have questions or require additional information, please contact me at (213) 974-2008.

JWF:GM:ygd

Attachments

c: Department Heads
Chair, Information Systems Commission

Summary HIPAA Transactions and Code Sets Status

Organization	Transactions	Compliance Strategy	County Complete & Ready To Test With Trading Partner	Trading Partner Testing Complete	Transaction in Production Use	Comments
DHS Hospitals and Associated Clinics	Health Care Claim (837) Outbound	Outsource to Clearinghouse (Accordis)		Inpatient - Yes Outpatient - No	Inpatient - Yes Outpatient - No	Accordis (DHS Clearinghouse) is submitting Medicare inpatient and outpatient 837 claims using approved HIPAA compliant Transaction Code Sets (TCS) information reflective of all-inclusive rate revenue codes. Accordis is submitting HIPAA-compliant Medicare non-hospital 837 claims to the Fiscal Intermediary (NHIC).
	Remittance Advice (835)	Outsource to Clearinghouse (Accordis)				Accordis is submitting HIPAA-compliant inpatient Medi-Cal claims with "from" service dates beginning February 1, 2004, through the Medi-Cal Fiscal Intermediary (EDS). The State indicated that they will not be prepared to accept HIPAA compliant outpatient claims during this calendar year.
	Eligibility Inquiry & Response (270/271)	QuadrantMed Affinity/Provider Advantage 270/271				The contracted vendor has completed their testing with the Medicare Fiscal Intermediary (UGS) and is ready to process the 835 HIPAA compliant format. The contracted vendor is working on the necessary programming to translate the data in order for two facilities to accept and process the remittance advice information. The vendor anticipates completing this task in approximately 30 days.
DHS Public Health Clinics						Medi-Cal is generating both the non-HIPAA and HIPAA compliant remittance advice documents (RAs). In order for a provider to receive the HIPAA compliant RAs, they must submit new provider enrollment forms. DHS has submitted the necessary provider enrollment forms in order to obtain the HIPAA compliant RAs. The State has processed and approved 69 enrollment forms and there were eight (8) enrollment forms that were resubmitted for processing. Until the State terminates the non-HIPAA RAs, DHS plans to process both the non-HIPAA and HIPAA RAs since the non-HIPAA RAs contain additional information that does not reside on the HIPAA RAs.
	Health Care Claim (837) Outbound	Outsource to Clearinghouse (Accordis)				The State continues to operate their non-HIPAA compliant Point-of-Service (POS) system for obtaining Medi-Cal eligibility information. The State has not officially announced when they will terminate the use of the POS system or what they will use to replace the system. As a result, DHS will continue to utilize the POS. For business purposes, DHS continues its efforts to install the necessary software to process HIPAA compliant 270/271 transactions. The software was successfully installed for testing at all five hospitals and at High Desert Health System. Rancho Los Amigos completed their testing and went live on the 270/271 software as of September 7, 2004. Depending upon the status of their testing activities, the remaining facilities are expected to go live within the next 30 to 45 days.
	Remittance Advice (835)	Paper				The administrative code sets have been implemented as scheduled on 10/16/03. Claims with service dates 09/22/03 and greater have been submitted to the State and have been adjudicated.
						With regards to the implementation of national code sets, the State has not provided instructions on how to convert the local revenue codes to national codes. Therefore, until the information is received from the State, the clearinghouse vendor, Accordis, is unable to comply with HIPAA TCS regulations. Testing for format has been completed with the State and Accordis has received notification that it passed all format testing.
						No change to existing process.

Los Angeles County
Summary HIPAA Transactions and Code Sets Status

Attachment A

Organization	Transactions	Compliance Strategy	County Complete & Ready To Test With Trading Partner	Trading Partner Testing Complete	Transaction in Production Use	Comments
DHS Alcohol and Drug Programs Administration	Health Care Claim (837) Outbound	Custom coded front-end upgrade to capture the HIPAA data elements. Accordis, a clearinghouse, will process the actual transaction.				DHS Alcohol and Drug Programs Administration (ADPA) is submitting HIPAA-compliant 837 claims transactions to the State Department of Alcohol and Drug Programs (SADP) through its clearinghouse vendor, Accordis.
	Health Care Claim (837) Inbound	Paper				No change to existing process.
	Remittance Advice Outbound (835)	Paper				No change to existing process.
	Remittance Advice Inbound (835)	Paper				No change to existing process for the time being. The State is has not provided a date by which they will implement a HIPAA compliant remittance advice (835) transaction.

Summary HIPAA Transactions and Code Sets Status

Organization	Transactions	Compliance Strategy	County Complete & Ready To Test With Trading Partner	Trading Partner Testing Complete	Transaction in Production Use	Comments
DHS Office of Managed Care (OMC)	Health Care Claim (837) Inbound	Vendor (HMS) modifying PMS to accept HIPAA compliant claim transactions from out-of-plan providers.				The X.12 837 transaction is certified by Claredi, however no trading partners have contacted CHP to conduct HIPAA-compliant transactions. OMC will continue processing this transaction in pre-HIPAA format consistent with the contingency plan, or on paper, until trading partner testing is complete. DHS has completed setting up a virtual private network with Claimsnet and OMC is now performing system testing with Claimsnet. OMC is currently coordinating an outreach effort to identify potential trading partners with out-of-network hospitals and physicians with whom to begin testing. No negative impact to OMC business processes or revenue flow has occurred.
	Health Care Encounter (837) Inbound	Interface engine software being installed to feed the OMC Data Warehouse. Using clearinghouse (DDD) to translate incoming proprietary format from non-County providers to HIPAA-compliant 837 format.				OMC is awaiting delivery of a server to its data center on which to install interface engine software to allow receipt of HIPAA-compliant 837 encounter records from DHS hospitals. Accordis is submitting test files to OMC and is on schedule to begin by the end of September 2004. Until a server and interface engine is set up, tested and in production, OMC will modify and use its legacy system to process the HIPAA-compliant 837 transaction between DHS hospitals and OMC. OMC is accepting HIPAA-compliant 837P transactions from non-County providers via a clearinghouse (DDD) and they are testing the 837I.
	Health Care Encounter (837) Outbound	Data extracted from Data Warehouse will feed translator software to produce HIPAA compliant transaction				OMC is awaiting delivery of a server, the same one mentioned above under Encounter (837) Inbound, to its data center on which to install interface engine software to allow sending HIPAA-compliant 837 encounter records that originated in DHS hospitals to LA Care. Completion is expected in the fall/winter of 2004. LA Care has stated that they will continue to support the pre-HIPAA format for a minimum of six (6) months for DHS Facility encounters. CHP is fully compliant on the submission of non-County provider transactions via a clearinghouse (DDD). No negative impact on business processes or revenue flow is anticipated.
	Remittance Advice (835) Outbound	Vendor (HMS) modified PMS to produce HIPAA compliant transactions				The X.12 835 transaction is certified by Claredi, but it has not yet been tested with trading partners and no trading partner has requested remittance advice information in electronic format. OMC is currently providing 835 equivalent information on paper to its trading partners. HIPAA compliance is a non-issue until a switch is made to an electronic transaction. No negative impact on business processes or revenue flow has occurred.
	Health Care Enrollment and Disenrollment (834)	Vendor (HMS) modified PMS to produce HIPAA compliant transactions				OMC successfully tested the 834 transaction with Universal Care. Testing continues with other trading partners. OMC is able to process a compliant X.12 834 transaction as of October 16, 2003 deadline. State DHS did not meet the October compliance deadline for this transaction except for the Healthy Families Program, which stated they are in "material compliance." DHS currently provides its eligibility roster electronically to certain plan providers, including DHS facilities. OMC is actively testing data received from Healthy Families new data vendor, Maximus, as well as LA Care, for Medi-Cal.
	Premium Payment Order / Remittance Advice (820)	Vendor (HMS) modifying PMS to accept and translate HIPAA transaction				The State Healthy Families Program (HFP) is not expected to be ready to test the X.12 820 transaction with trading partners until the spring of 2005. HFP stated that the 820 electronic file they currently distribute is "materially compliant." The necessity for OMC to receive an X.12 820 transaction is settled and the need to generate an outbound 820 is still being investigated. OMC has completed custom programming modifications to its Patient Management System (PMS) that will allow it to receive and process the inbound 820 transaction, but has reached a point where they can make little progress without more information from the State. OMC will convert the 820 transaction file received from HFP to a flat file that will be sent to OMC Finance, thus mitigating any negative impact on OMC Finance or County Treasurer and Tax Collector (TTC) operations. In the interim, DHS will continue to process transactions in pre-HIPAA format. No negative impact on business processes or revenue flow is anticipated.

Summary HIPAA Transactions and Code Sets Status

Organization	Transactions	Compliance Strategy	County Complete & Ready To Test With Trading Partner	Trading Partner Testing Complete	Transaction in Production Use	Comments
	Eligibility Inquiry & Response (270/271)	Vendor (HMS) modified PMS to produce HIPAA compliant transactions				HMS completed testing with Claredi on 8/14/03. Trading partners have been contacted, but to date no providers have expressed an interest in using these transactions; hence there has been no testing with trading partners. No negative impact on business processes or revenue flow has occurred.
	Claim Status Summary (276/277)	Vendor (HMS) modified PMS to produce HIPAA compliant transactions				HMS completed testing with Claredi on 9/17/03. Trading partners have been contacted, but to date no providers have expressed an interest in using these transactions; hence there has been no testing with trading partners. No negative impact on business processes or revenue flow has occurred.
	Health Care Service Review (278)	Vendor (HMS) modified PMS to produce HIPAA compliant transactions				HMS completed testing with Claredi on 9/19/03. Trading partners have been contacted, but to date no providers have expressed an interest in using these transactions; hence there has been no testing with trading partners. No negative impact on business processes or revenue flow has occurred.
	NCPDP	Pharmacy Benefit Management Contractor				Contractor (PCN) is responsible for HIPAA Compliance of NCPDP transactions.

Los Angeles County
Summary HIPAA Transactions and Code Sets Status

Organization	Transactions	Compliance Strategy	County Complete & Ready To Test With Trading Partner	Trading Partner Testing Complete	Transaction in Production Use	Comments
DHS California Children's Services	Health Care Claim (837) Outbound	In-house development of 837 transaction output				Completed. Process is now routine.
	Health Care Claim (837) Inbound	Paper				No change to existing process.
	Remittance Advice (835)	Vendor (EDS) supplied via website				Completed. Process is now routine.
	NCPDP	Paper				No change to existing process.

Summary HIPAA Transactions and Code Sets Status

Organization	Transactions	Compliance Strategy	County Complete & Ready To Test With Trading Partner	Trading Partner Testing Complete	Transaction in Production Use	Comments
DMH Department of Mental Health	Health Care Claim (837)	Integrated System - Wrapper of MH-MIS and FFS (EDS)				The HIPAA-compliant X.12 837 transaction produced by the Integrated System (IS) has been certified by NHIQ, the fiscal intermediary for Medicare claims submissions. Production use of this transaction, expected to begin by August 31, 2004, has been delayed until the end of September while an anomaly with a date field is resolved. February and March HIPAA-compliant 837 transactions for outpatient activity were sent to State Medi-Cal and 835 remittance advice files have been received back from the State. April, May and June HIPAA-compliant claims files are expected to be sent to the State before the end of September 2004. The number of Fee-for-Service Providers conducting HIPAA-compliant transactions via the Integrated System is slowly increasing and the rest are submitting non-compliant information directly into the County implementation of the EDS system operated by ISD. Submitting claim transactions to the ISD operated EDS system is an option that will be shut down, most likely in the second quarter of FY 2004-05, as the FFS providers move to HIPAA-compliant claims processing in the IS.
	Health Care Enrollment and Disenrollment (834)	Integrated System - Wrapper of MH-MIS and FFS (EDS)				DMH began using the Integrated System (IS) to exchange the X.12 834 HIPAA transaction with Fee-for-Service Network Providers on November 24, 2003. DMH began using the Integrated System (IS) to exchange the X.12 834 HIPAA transaction with Short-Doyle providers on February 9, 2004. State and Federal compliance status is not relevant to or a constraint on this transaction.
	Remittance Advice (835) Inbound	Integrated System - Wrapper of MH-MIS and FFS (EDS)				DMH has received production 835 Remittance Advice files from the State for February and March 2004 outpatient claims from the IS. The rate of denied claims was lower in the March file than it was in the February, but still not quite up to pre-HIPAA averages. Like DHS, DMH will continue to process both the HIPAA-compliant remittance advice (835) and the non-compliant remittance advice so long as the State produces both because of the additional information on the non-compliant document. The State has embarked on an effort to make their 835 file fully HIPAA compliant.
	Remittance Advice (835) Outbound	Integrated System - Wrapper of MH-MIS and FFS (EDS)				DMH pays for some services directly to the provider and for those services on the IS, they are currently producing HIPAA compliant X.12 835 remittance advice transactions. While this transaction is in production use, its status is "yellow" because of the limited number of trading partners involved at this time.
	Eligibility Inquiry & Response (270/271)	Integrated System - Wrapper of MH-MIS and FFS (EDS)				The Integrated System has been processing HIPAA compliant X12 270 and 271 transactions with Fee-for-Service Network Providers since November 24, 2003, and began processing them for Short-Doyle providers on February 9, 2004. Medi-Cal is targeting late 2004 for beginning production use of HIPAA compliant eligibility transactions. IS has been modified to process compliant 270/271 for local trading partners and non-compliant format State transactions. DMH will continue to process transactions in pre-HIPAA format with the State until the State is ready with a compliant 270/271 transaction. Medicare also cannot process HIPAA compliant X12N 270/271 eligibility transactions and has not announced a date when they expect to become compliant. No negative impact on business processes or revenue flow is anticipated.
DMH Department of Mental Health	Authorization (278)	Integrated System - Wrapper of MH-MIS and FFS (EDS)				The Integrated System began processing X.12 278 transactions with Fee-for-Service network providers on November 24, 2003, and with Short-Doyle providers effective February 9, 2004. State Medi-Cal will not support compliant authorization transactions this year. DMH will continue to process transactions in pre-HIPAA format with the State in the meantime. No negative impact on business processes or revenue flow is anticipated. While this transaction is in production use, its status is "yellow" because of the limited number of trading partners involved at this time.

Los Angeles County
Summary HIPAA Transactions and Code Sets Status

Organization	Transactions	Compliance Strategy	County Complete & Ready To Test With Trading Partner	Trading Partner Testing Complete	Transaction in Production Use	Comments
	Health Care Claim Status Summary (276/277)	Integrated System - Administrative Transactions				DMH is presently offering the 276 and 277 X.12 transactions to Fee-for-Service network providers who are using the Integrated System. The HIPAA compliant X.12 276/277 transaction for contract and directly-operated Short-Doyle providers became available for production use on February 9, 2004, but it is not a transaction currently used by this group of providers. It will likely become more important to them as they process HIPAA-compliant claims transactions. State Medi-Cal will not support compliant status reporting transactions this year. The complexity of managing compliant local data without corresponding State transactions will introduce minimal risk.
	NCPDP	Integrated System - Wrapper of MHMIS				The HIPAA-compliant NCPDP transaction became available for production use on February 9, 2004. No pharmacy providers are testing or using IS pharmacy functionality in production. Changes to the Pharmacy IS Deployment Plan and possibly IS pharmacy functionality are being considered in an effort to provide a solution that improves work flow for pharmacy contract providers.

LEGEND:

Step complete

Not complete for reasons beyond the control of County

Not complete

DMH SD/MC HIPAA Phase I Testing Status

August 27, 2004
(Updated Monthly)

